

VZCZCXRO4204
PP RUEHCN RUEHGH RUEHVC
DE RUEHGZ #0122/01 2580956

ZNR UUUUU ZZH
P 150956Z SEP 06
FM AMCONSUL GUANGZHOU
TO RUEHC/SECSTATE WASHDC PRIORITY 3357
INFO RUEHBY/AMEMBASSY CANBERRA 0373
RUEHNE/AMEMBASSY NEW DELHI 0099
RUEHUL/AMEMBASSY SEOUL 1427
RUEHKO/AMEMBASSY TOKYO 1212
RUEHOO/CHINA POSTS COLLECTIVE
RUEAEPA/HQ EPA WASHDC
RHMCSSU/DEPT OF ENERGY WASHINGTON DC
RUCPDOC/USDOC WASHDC

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SIPDIS

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STATE FOR OES/WATSON, OES/EGC-DEROSA-JOYNT AND OES/PCI
STATE FOR EAP/CM - WARD
STATE PASS TO CEQ CONNAUGHTON AND BANKS
STATE PASS TO NSC FOR HUNTER
DOE FOR INTERNATIONAL/PUMPHREY AND GEBERT
EPA FOR INTERNATIONAL/MCASKILL

E.O. 12958: N/A

TAGS: SENV ENRG TSPL BEXP CH

SUBJECT: ASIA PACIFIC PARTNERSHIP ON CLEAN DEVELOPMENT AND
CLIMATE: CEQ CONNAUGHTON MEETS WITH THE GUANGDONG
DEVELOPMENT AND REFORM COMMISSION

¶1. (U) Summary: In a September 1 meeting with Guangdong Province Development and Reform Commission (DRC) Deputy Director Li Miaojuan, White House Council on Environmental Quality (CEQ) Chairman James Connaughton called for eliminating tariffs on environmental technology products; he told Li that U.S. technology providers are working to make the latest technologies affordable for sale in China. Connaughton and Li discussed the Asia Pacific Partnership on Clean Development and Climate (APP) as well as ways in which we could share information and cooperation on environmental issues bilaterally. Li stated she was looking forward to learning more about the APP and working with U.S. agencies and organizations. End Summary.

¶2. (U) On September 1, CEQ Chairman Connaughton met with DRC Deputy Director Li Miaojuan to discuss the APP and opportunities for information sharing and cooperation. Also present were the respective Chiefs of the DRC's Energy, Industry, Investment, and Regional Economy Sections.

¶3. (U) Connaughton said his senior-level discussions in Beijing had focused on promoting the APP and a stronger dialogue between governments and industry to control pollution, reduce greenhouse gases, and ensure energy security. He had come to Guangzhou to learn about local conditions and policies, and to discuss best practices and the latest environmental protection technologies. In addition to clean coal cooperation, Connaughton said the APP was interested in renewable fuel, natural gas turbines, and clean diesel engines.

¶4. (U) Li stated that she too was ?very interested? in these issues, wanted to learn more about the APP, and was prepared to cooperate with U.S. agencies and organizations. She outlined the challenges facing the Province in balancing environmental protection and economic growth. Li also mentioned the provincial government's efforts to implement the 11th Five-year Plan with regard to energy and the environment, specifically, efforts to promote liquefied natural gas (LNG) and nuclear power for the region, as well as research into wind and solar energy, methane power generation in villages, power plant desulphurization

projects, and the elimination of the small, high-polluting cement factories and ?backyard? power plants. As part of the Five-year Plan, Guangdong's Clean Production Program required that by 2008, 100% of the power plants in the Province had to install desulphurization devices; this was double the 50% target set at the national level. For all new coal-fired power plants, the provincial government had also requested the installation of nitrogen removal devices. To the best of her knowledge, Li said, no other province had advocated this measure.

¶ 15. (U) Li concluded that in order to advance the APP locally, the Partnership countries should first seek Central Government support. They should then encourage local governments to increase communication and urge tax incentives be provided to encourage enterprises? participation.

¶ 16. (U) Connaughton emphasized the need for high level cooperation between industrial leaders, facilitated by governments, to take full advantage of the APP. He pointed out that his discussions in Beijing had positive with regard to the APP and other matters and said that U.S. technology providers were working to make the latest technologies affordable. He urged APP countries to eliminate tariffs on environmental products. Connaughton expressed a desire to move forward on the zero-tariff discussions which have been delayed in WTO negotiations.

¶ 17. (U) COMMENT: While Li appeared receptive to the APP and cooperative efforts to protect the environment, Chinese company representatives with whom the Chairman met in a subsequent meeting hosted by the Guangdong Economic and Trade Commission were less enthusiastic. Representatives

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from Shaoguan Iron and Steel, Guangdong Yudean Group, China Petroleum and Chemical Corporation, and Zhuijiang Brewery appeared more interested in personnel, technology, and possible financial support that could be provided by the APP countries. End Comment.

¶ 18. (U) Chairman Connaughton has cleared this message.

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